

LONDON FINANCE & INVESTMENT GROUP P.L.C.

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. Constitution and Membership

1.1. The Committee is a Committee of the Board.

1.2. Members of the Committee shall be appointed by the Board and shall be independent non-executive directors.

1.3. The Committee shall consist of not less than two members and the Board shall appoint one of them as chairman of the Committee who shall not be the chairman of the Board.

1.4. In the absence of the chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair a meeting who would qualify under these terms of reference to be appointed to that position by the Board.

1.5. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, the CEO and the CFO and, by invitation where considered appropriate, external advisers, may be invited to attend for all or part of any meeting, as and when deemed appropriate.

1.6. Appointments to the Committee are made by the Board (subject to paragraph 1.2 above) and shall be for a period of up to three years, which may be extended for two further three-year periods.

2. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

3.1. The quorum necessary for the transaction of business shall be two members.

3.2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3.3. Meetings of the Committee may be held telephonically or by any other means whereby the participants are able to communicate effectively with each other.

4. Frequency of Meetings

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

5. Notice of meetings

5.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.

5.2. Unless otherwise agreed and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be communicated to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than 5 working days before the date of the meeting. Supporting papers shall, wherever practicable, be provided to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of meetings

6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless, in the opinion of the Chairman of the Committee, it would be inappropriate to do so.

7. Annual General Meetings

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

8. Responsibilities

The duties of the Committee are as follows:

8.1. The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

8.2. The Committee shall:

8.2.1. have responsibility on behalf of the Board for determining and setting the remuneration policy for all executive and non-executive Directors and the Chairman of the Board, including pension rights and any compensation payments. No Director or senior manager shall be involved in any decisions as to their own remuneration;

8.2.2. in determining the remuneration policy in accordance with 8.2.1, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (Code) and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the company's strategic long-term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company;

- 8.2.3. when setting the remuneration policy for Directors, review and have regard to pay and employment conditions across the Company or Group especially when determining annual salary increases;
- 8.2.4. review on an ongoing basis the appropriateness and relevance of the remuneration policy;
- 8.2.5. within the terms of the remuneration policy and in consultation with the Chairman of the Board and/or Chief Executive, as appropriate, determine the total individual remuneration package of the Chairman of the Board and each executive and non-executive Director and other designated senior executives including bonuses, incentive payments and share options or other share awards and review such package at least annually;
- 8.2.6. in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Code and the UK Listing Authority's Listing Rules and associated guidance;
- 8.2.7. obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 8.2.8. if appropriate, be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.2.9. review and approve the design of, and determine targets for, any senior management performance related pay schemes operated by the Company. For any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards and the performance targets to be used;
- 8.2.10. review and approve the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards and the performance targets to be used;
- 8.2.11. approve the policy and scope of pension arrangements or major changes to existing arrangements;
- 8.2.12. ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.2.13. review and note annually the remuneration trends across the Group;
- 8.2.14. oversee any major changes in employee benefits structures throughout the Group;
- 8.2.15. agree the policy for authorising claims for expenses from the Chairman of the Board, the CEO and the CFO;
- 8.2.16. ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.

9. Reporting Responsibilities

9.1. The Committee chairman, or as a minimum, another member of the Committee, shall formally report to the Board on the proceedings after each meeting on all matters within its duties and responsibilities.

9.2. The Committee shall make whatever recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.

9.3. The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the relevant regulations relating to listed companies accounts and reports and the Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the annual general meeting. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

9.4. Through the Chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

10. Other Matters

The Committee shall:

10.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

10.2. if required, be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

10.3. give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules as appropriate; and

10.4. arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee is authorised:

11.1. to seek any information it requires from any employee of the Company in order to perform its duties;

11.2. to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference when it reasonably believes it is necessary to do so;

11.3. to call any employee to be questioned at a meeting of the Committee as and when required; and

11.4. to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

Adopted by the Board on 22 September 2016

